

OVERVIEW OF BUDGET

DEPARTMENT: HEALTH CARE COSTS
BUDGET UNIT: AAA HCC

I. GENERAL PROGRAM STATEMENT

This budget unit represents the costs of health care related programs for the county general fund. Health care related transactions represented by this budget unit include SB 855, GME, SB 1255 indigent health programs, and the county's general usage of the Tobacco Master Settlement Agreement (MSA) funds.

II. BUDGET & WORKLOAD HISTORY

	Actual 2000-01	Budget 2001-02	Actual 2001-02	Budget 2002-03
Total Requirements	148,766,669	178,401,403	170,638,249	135,600,146
Total Revenues	130,570,907	159,300,000	151,094,038	117,900,146
Local Cost	18,195,762	19,101,403	19,544,211	17,700,000
Budgeted Staffing		4.0		4.0

Variances between budget and actual in 2001-02 existed in salaries and benefits as well as services and supplies as a result of unexpected vacancies in three of the four positions funded in this budget unit. Other charges include transfers of vehicle license fee receipts for realignment out to trust and payments to the state for SB855/1255 disproportionate share hospital programs. The level of SB855/1255 participation is unknown at the beginning of the year and as a result significant variance occurred. All expenses in the other charges category are offset by an equivalent amount of current services and state aid revenue, so any variance has no impact on local cost. Operating transfers out represent general fund and realignment support of the ARMC lease payments and two one-time financing issues (described below). As a result of greater ARMC support of their lease payments and an increased reimbursement rate from the state, operating transfers out were significantly reduced. Partially offsetting this reduction was a one-time operating transfer from this budget to a Capital Improvement Program (CIP) fund related to the Colton MOU in recognition of the fact that anticipated revenues from the MOU are unlikely to be received. Additionally offsetting the savings above is a recapture of realignment revenue that effectively was transferred to the general fund as a result of prior year encumbrance cancellations within HSS. A transfer back to the realignment fund was completed to return those funds.

The three variances in operating transfers out, described above, resulted in the Health Care Costs budget coming in over budget. Additional costs due to the Colton MOU of \$2.70 million, plus costs of \$1.68 million due to the realignment recapture were offset by savings of \$3.94 million of ARMC lease savings to net an over budget amount of \$0.44 million.

III. HIGHLIGHTS OF BOARD APPROVED CHANGES TO BUDGET (see attachments for detailed changes)

STAFFING CHANGES

None.

PROGRAM CHANGES

Due to an accounting change, vehicle license fees will no longer pass through this budget. As a result, other charges have decreased substantially. Additionally, the health maintenance of effort payment of \$4.3 million, which was previously shown in the other charges category has now been moved to operating transfers out. Other charges now represent only the SB855/1255 programs. Transfers have increased slightly to reflect higher payments to other departments as a result of MOU increases. Due to an accounting change, reimbursements have been eliminated and will now be reflected in realignment revenue.

Operating transfers out have decreased slightly as a result of a number of changes, including: reduced payments supporting the ARMC lease due to greater hospital support of these costs, lower total ARMC lease payments, the end of the subvention to the medical center associated with fee for service revenue being lower than estimated at the time of the initial lease payment financing plan, an accounting change to include the \$4.3 million health maintenance of effort payment mentioned above, and the inclusion of a transfer to the Financial Administration budget to fund a contribution of \$82,599 to the ARMC lease payment reserve.

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Revenues have also declined significantly as a result of the elimination of vehicle license fees passing through this budget. Realignment revenue has increased due to the accounting change (mentioned previously) which re-categorized all reimbursements in this budget as realignment revenues.

GROUP: Human Services System			FUNCTION: Health & Sanitation		
DEPARTMENT: Health Care Costs			ACTIVITY: Hospital Care		
FUND: General AAA HCC					
	2001-02 Actuals	2001-02 Approved Budget	2002-03 Board Approved Base Budget	2002-03 Board Approved Base Budget	2002-03 Final Budget
<u>Appropriations</u>					
Salaries and Benefits	237,856	356,174	377,550	30,633	408,183
Services and Supplies	22,273	71,933	73,063	-	73,063
Other Charges	150,768,956	163,616,679	163,616,679	(53,616,679)	110,000,000
Transfers	67,538	65,676	65,676	5,626	71,302
Total Exp Authority	151,096,623	164,110,462	164,132,968	(53,580,420)	110,552,548
Less:					
Reimbursements	-	(10,930,554)	(10,930,554)	10,930,554	-
Total Appropriation	151,096,623	153,179,908	153,202,414	(42,649,866)	110,552,548
Operating Transfer Out	19,541,626	25,221,495	23,820,092	1,227,506	25,047,598
Total Requirements	170,638,249	178,401,403	177,022,506	(41,422,360)	135,600,146
<u>Revenue</u>					
Current Services	87,673,864	110,000,000	110,000,000	-	110,000,000
State, Fed or Gov't Aid	58,778,413	49,300,000	49,300,000	(49,300,000)	-
Realignment	4,641,761	-	22,506	7,877,640	7,900,146
Total Revenue	151,094,038	159,300,000	159,322,506	(41,422,360)	117,900,146
Local Cost	19,544,211	19,101,403	17,700,000	-	17,700,000
Budgeted Staffing		4.0	4.0		4.0

Total Changes in Board Approved Base Budget		
Salaries and Benefits	<u>21,376</u>	MOU costs and retirement.
Services and Supplies	<u>1,130</u>	Inflation, EHAP, and risk management liabilities.
Operating Transfers Out	<u>(1,401,403)</u>	Reduced ARMC lease payments.
Revenue		
Realignment	<u>22,506</u>	Increased realignment transfer to cover higher salaries and benefits, services and supplies costs.
Total Appropriation Change	(1,378,897)	
Total Revenue Change	22,506	
Total Local Cost Change	(1,401,403)	
Total 2001-02 Appropriation	178,401,403	
Total 2001-02 Revenue	159,300,000	
Total 2001-02 Local Cost	19,101,403	
Total Base Budget Appropriation	177,022,506	
Total Base Budget Revenue	159,322,506	
Total Base Budget Local Cost	17,700,000	

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Board Approved Changes to Base Budget		
Salaries and Benefits	30,633	Higher salaries as a result of higher steps/potential higher entry step of deputy position.
	<u>30,633</u>	
Other Charges	(49,300,000)	Due to an accounting change, realignment VLF no longer passes through this budget.
	<u>(4,316,679)</u>	Accounting change - moved to operating transfers out.
	<u>(53,616,679)</u>	
Transfers	5,626	Higher costs for CAO/HSS support staff time.
Reimbursements	<u>10,930,554</u>	Due to an accounting change, this is now shown below as operating transfers out.
Total Appropriations	<u>(42,649,866)</u>	
Operating Transfers Out	(1,438,677)	Reduced due to lower lease costs and greater ARMC ability to pay their own lease costs.
	<u>(1,733,095)</u>	Reduced subvention to ARMC due to increased ARMC fee for service revenues.
	82,599	Transfer to FAD to finance ARMC lease reserve contribution per financing plan.
	<u>4,316,679</u>	Accounting change - moved from other charges.
	<u>1,227,506</u>	
Total Requirements	<u>(41,422,360)</u>	
Revenue		
State and Federal Aid	<u>(49,300,000)</u>	Due to an accounting change, realignment VLF no longer passes through this budget.
Realignment	10,930,554	Accounting change (see reimbursements above).
	<u>(1,438,677)</u>	Less realignment due to reduced transfers out to lease fund (see op trans out above).
	<u>(1,733,095)</u>	Less realignment due to reduced subvention to ARMC (see op trans out above).
	82,599	Per ARMC lease payment plan, these funds are being brought in to fund lease reserve.
	<u>36,259</u>	Increased realignment in due to higher salary/transfer costs.
	<u>7,877,640</u>	
Total Revenue	<u>(41,422,360)</u>	
Local Cost	<u>-</u>	